

## **2014-105 AUDIT SCOPE AND OBJECTIVES**

### **Los Angeles Department of Water and Power—Customer Information System**

#### **AUDIT SCOPE AND OBJECTIVES**

The audit by the California State Auditor will provide independently developed and verified information related to the Los Angeles Department of Water and Power's (LADWP) development and implementation of its new Customer Information System (CIS) and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and evaluate LADWP's procurement and oversight of contracts to design and implement its new CIS, including determining whether:
  - a. LADWP followed applicable procurement policies and procedures related to contract bidding and approval.
  - b. Whether LADWP adequately monitored the contractors' implementation of the new CIS.
3. Review and evaluate the new CIS's impact on LADWP's monthly revenues since its September 2013 go-live date and determine the reason for any significant or unusual fluctuations or trends. In addition, determine the impact of any significant revenue fluctuations, including changes to the amounts LADWP transferred to the general fund of the city of Los Angeles.
4. Identify the extent of customer problems resulting from the CIS's implementation by determining, at a minimum, the following:
  - a. The number and proportion of customers experiencing late bills.
  - b. The number and proportion of customers experiencing inaccurate bills.
  - c. The number and proportion of customers experiencing unwarranted shutoff notices or service terminations before LADWP imposed a moratorium on such terminations.
  - d. The number and proportion of customers for which the LADWP has resolved billing and service problems.
5. Identify the initial approved budget and final actual cost of LADWP's new CIS and determine the following:
  - a. Whether and to what extent the project experienced significant cost increases.
  - b. The timing of when LADWP became aware of significant cost increases.

- c. The reasons for significant cost increases, including costs incurred to address errors after LADWP implemented the new system in September 2013.
- 6. Review and assess any other issues that are significant to the audit.